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AN ASSESSMENT OF U.S. NAVY JUNIOR OFFICER  
RETENTION FROM 1998-2000

by

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### *Abstract*

The purpose of this study was to determine the primary causes of U.S. Navy retention problems with its junior officers from 1998 to 2000. An analysis of data on operational tempo and retention was conducted which revealed no direct correlation between increased optempo and decreased retention. The study focuses on the four sea-going officer communities, Surface Warfare Officers, Aviators, Naval Flight Officers, and Submariners.

After the demise of the Soviet Union and the end of the Cold War, the Department of Defense began a downsizing effort across all services. From 1990 to 1997, the Navy's officer corps shrank from 77,000 to 53,000 officers as a result of Department of Defense downsizing mandates. At the time, Navy leaders were not concerned with retention because they had to meet their new end strength goals, but in 1997, officer manning dropped to dangerous levels. The Navy realized that it had a serious retention problem; Too many junior officers were getting out. Navy leaders had to do something to stem the exodus, or the Navy would be in serious jeopardy of not being able to man its ships, aircraft, and submarines at the mid-grade officer, department head level. Without these officers to fill the critical sea-going billets, the Navy could find that it may not be able to fulfill its commitments around the world.

If increased optempo was not causing the Navy's junior officers to get out, what was behind their decisions to leave? In the course of research, several surveys and interviews

were uncovered which revealed a significant number of reasons that officer retention suffered in the Navy. From a comparison of these surveys and interviews, the five most common reasons junior officers stated for leaving the Navy was determined. Further study revealed that the Navy is aware of these reasons and is actively responding to keep positively address them to retain its junior officers.

The recommendations include building more ships and increasing the number of Lieutenant Commander commands. Continuing with the Smart Ship Program and keeping the continuation bonuses in the budget will also help the Navy's officer retention efforts.

## CHAPTER 1

### Introduction

*Good leaders know how to serve as morale-builders and renewers of purpose, able to get people to rededicate themselves to long-cherished but sometimes dimly understood values.*

—Thomas E. Cronin

According to Peniston, the Navy has spent nearly a decade trimming its officer corps.<sup>1</sup> When the Soviet Union fell, the United States lost its long time adversary. As the International System changed from a bipolar structure, the U. S. emerged as a hegemon and the one true super power in the world. With its primary foe no longer posing a threat to the U.S., the Department of Defense (DoD) could no longer justify the enormous defense budgets it once commanded. In the natural course of events, the DoD began to downsize the armed forces. From 1990 to 1997, the officer corps in the Navy dropped from approximately 79,000 to 53,000. This decrease in strength was necessary for the Navy to meet its new lower end strength necessary to comply with DoD demands. But by 1997, as the Navy entered the final two years of the draw down, Navy officials were faced with a troubling problem: Too many of its junior officers (JO's) were getting out. If the Navy did not take immediate action to stem the exodus of its talented JO's, retention would not be sufficient to keep the Navy's ships, aircraft, and submarines adequately manned. One reason that so many JO's decided to get out could be the high



operational tempo (optempo) the Navy maintains in order to fulfill its many commitments worldwide. The Navy tradition of forward presence and displaying the maritime power of the United States abroad necessitates a high optempo. This show of force plays a vital role in assuring our allies of our commitment and reminding any potential foes of the resolve of the United States in protecting the nation's vital interests.

The purpose of this study is to determine the primary causes of U.S. Navy retention problems with its JO's between the years 1998-2000, with interrogative statements of the research problem as follows: Is there a relationship between poor retention and high optempo, which is characteristic of fleet operations?. Is optempo reflected in retention results? How can the Navy minimize the impact of increased optempo on retention? If optempo is not the primary reason JO's are getting out, what are they? What is Navy leadership doing to address these retention problems? What are some realistic options that Naval leaders might consider?

The problem the Navy faces by not retaining enough junior officers to move up the promotion ladder to mid-grade leadership levels is that it will not be able to adequately provide a needed tier of leadership at the department head level aboard operational units. Department head billets are held by Lieutenants and Lieutenant Commanders in the O-3 and O-4 pay grades. The billets filled by these mid-grade officers are critical to the successful operation and tactical employment of combat units and must be filled to ensure combat readiness of fleet units. Some department heads had to be over-toured in order to maintain this required level of readiness. As one might guess, over-touring does not help retention. Over-touring is when an assigned officer is required to remain in a billet for a longer period of time than he or she was initially ordered. Although over-

touring is a quick fix option to keep experience levels consistent, its side effects of burnout and lowering morale of the affected officers may outweigh its gains.

The study was conducted by comparing available statistics on optempo with statistics on naval officer retention during the period in question, 1998-2000. In addition, several surveys and interviews which targeted JO's were evaluated to determine the most prevalent and recurring reasons they listed for leaving the Navy. The assessment focused on the seafaring Unrestricted Line Officer communities, consisting of Surface Warfare Officers (SWO's), Aviators, Naval Flight Officers (NFO's), and Submariners. The statistical data on both variables were analyzed to determine the existence or non-existence of a relationship between increased optempo and decreased officer retention. The data were also analyzed for trends specific to certain pay grades or warfare communities. The surveys and interviews which targeted JO's in their first commitment were reviewed, and several common themes were identified which may help Navy leaders understand the retention problem more fully, and allow them to take appropriate measures to retain sufficient numbers of officers to man its combat units.

## **REVIEW OF LITERATURE**

Kennedy pointed out that as the submarine force completed downsizing, JO retention needed to level out at 38 percent to ensure adequate staffing on fast attack submarines and boomers.<sup>2</sup> Furthermore, JO's are concerned that there may be a considerable increase in OPTEMPO due to fewer submarine assets without a corresponding reduction in submarine commitments. Peniston expressed optimism at the rise in SWO retention from 1999 – 2000, but at 27 percent, retention is still below the goal of 38 percent.<sup>3</sup> Of the junior SWO's leaving the Navy, 77 percent cited that one of the primary reasons they

were getting out was due to the extreme workload during pre-deployment preparation periods and in-port. Peniston noted that among officers, the outflow of JO's was highest in Aviation than anywhere else.<sup>4</sup> Brown tallied war fighter retention for aviators in FY 00 at 36 percent and NFO's at 42 percent, an increase, but still not what is needed.<sup>5</sup>

## **DELIMITATIONS**

It was necessary to limit the scope of this assessment to the years 1998 to 2000 due to the fact that from 1990-1997, the Navy was intentionally downsizing its force structure to comply with DoD mandates. Studying retention problems when retention was not a concern to the Navy does not fit into the framework of this assessment. It was only in late 1997 that the Navy realized that too many officers were leaving the service, thus the focus on 1998 to present is relevant to this assessment. The findings and recommendations from analyzing the data during this timeframe will also be more relevant as possible solutions for the Navy than data from five to ten years ago.

Chapter 2 will cover the pertinent literature on the problem. A discussion of the effects of optempo on retention will be presented along with the results of several interviews and surveys of JO's which bring to light several common reasons they want out of the Navy. The five most prevalent reasons with the most recurring themes were analyzed, and once these reasons were known, Navy leadership took decisive actions to stem the tide of officers leaving the service. These actions and their effectiveness are also discussed.

Chapter 3 briefly discusses the statistical comparison of optempo and naval officer retention by warfare community during the years analyzed. It covers the findings of the analysis of statistical data, utilizing the Staffing Process common to Human Resources

Management to analyze the Navy Manning Process, noting the similarities it has to civilian corporations. Also discussed is the employee's decision to quit, which is compared to a Naval officer's decision to resign his commission and seek employment in the private sector. Graphs of Naval officer retention and Historic Optempo are also tied into the discussion.

Chapter 4 closes with findings of the original questions posed at the beginning of this chapter. Finally, a few recommendations are presented to the Navy leadership nucleus for consideration in their ongoing retention efforts. The major recommendations support the building of more ships that are smaller and cheaper, yet capable enough to handle the challenges posed in the post-Cold war environment. Making some of these smaller ships O-4 commands would also provide the opportunity for command at an earlier stage in a SWO's career.

### Notes

<sup>1</sup> Bradley Peniston and John Burlage, "Please Stay! Can the Navy Slow the Flood of Departing Officers?," *Navy Times* 47, no. 10 (December 1997): 12.

<sup>2</sup> Silas R. Kennedy, "Retaining the JO's: Looking Up or Going Down," *U.S. Naval Institute Proceedings* 123, no. 6 (June 1997): 28.

<sup>3</sup> Bradley Peniston and John Burlage, "Please Stay! Can the Navy Slow the Flood of Departing Officers?," *Navy Times* 47, no. 10 (December 1997): 14.

<sup>4</sup> *Ibid.*, 13.

<sup>5</sup> David Brown, "Officer Promotions: A Golden Age for War Fighters," *Navy Times* 49 (June 2000): 15.

## Chapter 2

### **REASONS OFFICERS ARE LEAVING THE NAVY AND THE RESPECTIVE RESPONSES OF NAVAL LEADERSHIP**

*The increasing imbalance in our society weighted towards management has created a shortage of leaders in American institutions. One prevalent symptom of this gap is the loss of confidence in authority. Without the bond of confidence between those in authority and those responsive to it, achieving unity of purpose or any common understanding of what a business enterprise, university, or government is trying to accomplish becomes difficult.*

—Abraham Zaleznik

During the last three years, retention has become the name of the game, according to Brown.<sup>1</sup> In order for the Navy to be able to fill its department head billets, it needs to convince more officers to stay. Retention statistics for 1998-2000 for SWO's, Aviators, NFO's, and Submariners do not show a significant increase or decrease in retention in any one of the four officer communities. The largest increase in retention during the period in question was four percent by the Aviators. During the same time frame, the SWO retention only increased by a mere two percent, the Submariners increased retention by four percent, and the NFO's increased retention by four percent. When this information was compared to historic optempo statistics for the same time period, one can see that from 1998 to 2000, optempo steadily inched higher and higher, from 53.7 days per quarter in 1998 to 55.1 days per quarter in 1999 and finally to 56.1 days per

quarter in 2000. So as optempo increased during these three years, retention in each warfare community did not decrease as expected, but actually increased. This negative correlation proves that retention problems in the officer ranks are not due to high optempo. The Navy's goal for optempo remains at 50.5 days per quarter. Considering the increases of only a few days in optempo over the three years examined, it is understandable why the cause and effect relationship does not exist.

So if high optempo was not driving the JO's out of the Navy, what was? Peniston focused on the reasons JO's are leaving the U.S. Naval service based on a survey conducted on JO's.<sup>2</sup> On another front, between March and June of 1998, Rear Admiral John T. Natter visited with over 15 ships and eight staffs, listening to the thoughts and feelings of some 688 professional naval officers.<sup>3</sup> He discovered many of the reasons these officers were opting to get out of the Navy, and some common themes came to light that bore a remarkable similarity to the results of the survey that Peniston first mentioned. When asked by his JO's would he stay in if he was a JO today, Captain Tyler E. Wooldridge, III was forced to reflect on the changes that had transpired from the time when he was a JO and the times and challenges JO's face today. Other articles and surveys have uncovered a number of reasons JO's cite for leaving the Navy. Upon careful comparison between all warfare communities this study encompasses, the top five reasons were identified.

### **Loss of Confidence in Leadership**

In the submarine community, leadership was listed in only a small percentage of all JO resignations, suggesting that leadership has not been a significant factor in submarine officer retention.<sup>4</sup> However, in the other warfare communities, loss of confidence in

leadership was often cited by JO's as one of the reasons they wanted to leave the Navy.<sup>5</sup> As manpower was cut, commitments remained for the most part unchanged, and this extra load was heavily felt at the lower ranks, which is led by the JO's. As fewer billets were filled, the remaining people had to work harder and longer to get the job done. JO's were frustrated because they did not have enough repair parts to keep their equipment operating as designed. Cannibalization was often resorted to, borrowing parts from other platforms that were lower in priority on the deployment ladder. Cannibalization is simply a last ditch method of obtaining parts when they cannot be acquired by normal methods utilizing the Navy's supply system. A unit's location in relation to deploying determines its priority, so near term deploying units have priority over units at the beginning or middle of the pre-deployment training cycle. The end result is training suffers because the parts these units are forced to give away often result in vital systems becoming inoperable or degraded during the very time they should be up and running to train the new members of the unit for their turn in the deployment cycle. Yet many Navy leaders still report their readiness as high. According to Admiral Natter, JO's want to see their CO's go to bat for them and press the Naval leaders to get the politicians to give the Navy the money it needs to fix its equipment and meet its commitments without breaking the backs of our men.<sup>6</sup>

### **Loss of Job Satisfaction**

Another common complaint from JO's was that their jobs just were not as satisfying as they used to be.<sup>7</sup> Several reasons contributed to this fact. Enjoying what you are doing, liking the people you are with, and getting the equipment to be able to do your job all contribute greatly to job satisfaction. JO's who listed job dissatisfaction as a reason

for resigning believe that their creativity was being stifled, and that there was far too much paperwork to do. They saw no tangible rewards for all the hard work and long hours they put in.<sup>8</sup> The older generations of officers had more fun when they were JO's. At-sea operations were more meaningful and focused on a real-world threat. We chased Soviet combatants, hunted their submarines, and protected the battle groups from the air threat. We trained hard to make sure we could fight and win a war at sea.<sup>9</sup> Today, non-traditional missions such as protecting marine wildlife, conducting humanitarian operations, intercepting smugglers, and the frustration of added administrative burdens involved with gender integration, sexual harassment and fraternization training, and monitoring liberty behavior are only a few of the typical tasks that fill a JO's workday. These issues have merit, but they just do not provide the same thrill and sense of satisfaction of meaningful at-sea operations.<sup>10</sup> The older generations also had more fun ashore. Young men and women from all over the country still join the Navy to see the world and to experience adventures, to eat new foods and learn about new cultures, to buy souvenirs for their loved ones and round out their life's experiences. Yet port visits today are fewer largely due to budgetary constraints, and numerous limitations are imposed on the crew, such as cinderella liberty and the buddy system, detracting from the real opportunity for fun and discovery. Cinderella liberty is a term given to shore leave when members of a unit must return before midnight. The buddy system requires that you remain with at least one friend while on liberty. Some units have gone so far as to use sign out logs to enforce this system. According to Captain Wooldridge, "If you give JO's the opportunities to have fun, in a culture willing to confront problems and take care of its own, they will stay. Only tremendous job satisfaction will keep our top JO's in."<sup>11</sup>



Many JO's do not want to command because they feel that command does not look satisfying anymore. A 34-question survey was sent to JO's in the SWO community intended to figure out why so many were leaving the Navy. Forty percent said they do not want to be a commanding officer and forty-six percent said they did not want to be an executive officer.<sup>12</sup> Putting it simply, this means they do not see their skippers having fun. So why hang around? CO's do not have the chance to train their ships the way they want to because they are always answering to Afloat Training Group (ATG) or the Propulsion Examining Board (PEB). Two other primary reasons JO's are not enjoying their jobs are the Navy's zero-defect mentality accompanied by pervasive micro-management at all levels of the chain of command.

### **Micro-management and the Zero-Defect Mentality**

One anonymous commander stationed at Norfolk Naval Station in Virginia felt that the zero-defect mentality is to blame for the Navy's retention problems. A staggering number of JO's feel that micro-management is pervasive in their organization and in the Navy overall. Most do not feel trusted to make decisions and are frustrated by the constant, invasive rudder orders from their bosses.<sup>13</sup> This form of micro-management is robbing JO's of their precious opportunities to learn how to lead, to make decisions, to make mistakes, and to learn from them while holding themselves accountable for their actions.<sup>14</sup> The major contributor to micro-management is the zero-defect mentality in the Navy; these two injustices go hand in hand. JO's feel that they can no longer make a mistake on the job without it seriously impacting their careers. One mistake can erase years of hard work and dedication. Mistakes are no longer treated as learning tools.

Careerism was also found to play a role in micro-management and the zero-defect mentality. Some CO's are afraid that if one of their officers makes a mistake, it will affect their own personal career, thus they micro-manage to protect themselves.<sup>15</sup> These particular commanders are self-serving to further their careers at the cost of not nurturing and developing their JO's. However one looks at it, if the JO's are not enjoying their jobs, they will leave.

### **Quality of Life**

Family issues and quality of life concerns were the number one reason Submariners cited for leaving the Navy to seek a more stable family environment.<sup>16</sup> The stress on a family can be great caused by extended at-sea operations, and prolonged family separations create stress in marital relationships. JO's also perceived family separation as affecting their ability to be good fathers and husbands.<sup>17</sup> At-sea time is not conducive to raising a family, and today, almost 70 % of JO's are married, whereas in past generations, only about 30 % were married. Of the 70 % of JO's that are married, 85% have a spouse who also works.<sup>18</sup> They complain of lack of personal time and missing too many significant events, such as the birth of a child, birthdays of close family members, anniversaries, and other significant holidays. According to Higgins, in the past ten years, the defense budget has dropped by 40% and the size of the armed forces by 36%. At the same time, the Navy and Marine Corps have been called on to respond to crises three times more often than during the Gulf War years."<sup>19</sup> These factors have a cumulative effect and all contribute to the erosion of quality time for our JO's to spend with their families.

Another aspect of quality of life (QOL) often overlooked is the role of today's Navy wife. American society now offers far greater opportunities for young women than it did years ago. Women comprise the majority of college graduates, and many seek challenging careers of their own in a lucrative job market.<sup>20</sup> These young, talented women are the very same women the Navy's JO's want to marry and settle down with, and most of these women do not want to sacrifice their careers to become a Navy wife. These careers usually do not blend well with the career of a JO in the Navy. Most families today depend on two incomes, and JO's are forced to rely heavily on the contributions of their wives, who often earn more than they do. Steps must be taken to make Navy life more amenable to family living.

### **A Strong Economy**

The last factor that made the top five cut was the fact that today's economy is extremely strong and prosperous. Unemployment rates are the lowest they have been in years, and the private sector has been increasingly offering better compensation packages, such as 401K's, profit sharing plans, stock options, and better medical coverage than the military. JO's are aggressively recruited by headhunting companies, such as Cameron-Brooks and Lucas Corporation, because these recruiting experts are well aware of the talent, work ethic, and dedication that the majority of JO's possess as part of their daily routine. They also know that these very same qualities are sought after by companies all over the world, especially Fortune 500 companies. These companies pay the recruiters handsomely for providing them with talented JO's from all branches of the military, but the Navy officers are particularly sought after because their proven capability to handle the added stress of operations at sea in addition to their other duties.

Some JO's get out for more money, better compensation packages, or the chance to spend more time with their families. Others choose to work in a job that relates to their college major, and still others choose to pursue an advanced degree, usually in preparation for a new career field. These quality of life factors are combined with a perceived erosion of benefits in the Navy such as a reduction in retirement compensation from 50 percent to 38 percent, problems with the Navy's HMO, and salaries that lag civilian counterparts by as much as 15 percent. Opportunities in the private sector lure JO's into leaving the service after their initial obligation is fulfilled. The Navy must find ways to compete with the civilian sector if it wishes to retain its JO's.

The top leadership in the Navy wisely listened to the complaints of the JO's and noted the reasons they wanted to get out. In response, the Admirals in charge took decisive action to provide viable options for JO's in order to keep more of them interested in remaining in the Navy and to bring retention numbers back to the necessary levels to fill the department head billets on a continuous basis without resorting to over-touring.

### **Navy Response to Loss of Confidence in Leadership**

The new Chief of Naval Operations (CNO), Admiral Vernon Clark, did not beat around the bush or pull punches when he stated that senior officers must become better leaders. They must actively mentor their young officers and bring the fun back into being a Naval officer. Leaders must make a promise to invest themselves in the lives of their young officers and give them a chance to grow and develop their leadership skills and decision-making abilities. JO's will need these skills when they are in senior positions of responsibility. Admiral Clark stated that "retention is at the heart of our efforts to

achieve and sustain optimum personnel readiness. We are stressing to Navy leadership the importance of fostering a work environment that is more conducive to personal and professional growth.”<sup>21</sup> Leaders must commit themselves to their JO’s personal individual growth and see to it that they will do well and succeed. Admiral Clark went on to express his strong belief that the Navy will win the challenge of retention with superior leadership.

### **The Navy’s Response to Loss of Job Satisfaction**

The CNO went to bat for the JO’s, needed repair parts, extra funding, and more ships. Clark voiced his concerns during testimony before the U. S. Senate and House Armed Forces Committees, pointing out the shortfalls in maintenance, spare parts and support equipment, and how they directly affect our training readiness.<sup>22</sup> Steps were taken, and are currently in effect, to reduce the administrative load on JO’s by cutting the number of inspections almost in half. Reductions to the Inter-deployment Training Cycle (IDTC) also helped reduce administrative preparation burdens, and as the JO’s wished, more time was returned to their Commanding Officers, so that they could train their crews the way they think is best. CO’s must strive to enhance morale and bolster camaraderie on the ships and inside the wardrooms so that JO’s can see the rewards of a command tour and in turn, want to stay in for their long enough to enjoy the rewards of their own command. JO’s most satisfying aspects of their job include conning the ship, port visits, mentally challenging work, and at-sea operations.<sup>23</sup> Navy leadership, particularly the CNO, has taken great strides to address the problems cited by the JO’s for leaving. Future leaders must take the baton and carry on, or the gains in retention recently experienced could turn out to be only a band-aide fix.

## **The Navy's Response to Getting Rid of the Zero-Defect Mentality and Micro-Management**

As stated earlier, the CNO stressed to Navy leadership the need to create a work environment that is more conducive to personal and professional growth. The only way an environment such as this can be created is to get rid of the zero-defect mentality and the micro-management that accompanies it. Commanding Officers must put trust, faith, and confidence in their JO's and allow them the chance to develop into leaders, managers, and war fighters. A mistake should be used as a learning tool, to teach both the correct way to do something, and the more important lesson, the accountability that comes with making an error. The key focus should be to learn from the mistake and try not to ever repeat it again. Let the JO's lead; put them in charge immediately. Let them make mistakes and learn from them. By removing the high pressure of a no mistake environment, CO's give their JO's the chance to develop. It is a mistake to let error avoidance take the place of initiative and achievement. Ensign Nimitz ran his crew and ship aground in 1908 when he was the CO of the destroyer Decatur—but he was given a second chance and his career and the Navy benefited.<sup>24</sup>

## **The Navy's Response to Quality of Life Issues**

Quality of life can be defined as many things that directly affect the lives of service members and their families. It is comprised of numerous elements. To make matters more difficult, these elements change with changing times, making it harder for service members to adjust and respond to them. In the wake of the serious retention problems the Navy experienced over the past three years, the quality of life of our JO's had to be addressed. Many improvements resulted from several studies on quality of life issues. In-

port duty section manning requirements were reduced to the bare bones minimum to increase the number of duty sections to as many as ten on some ships. A ten section duty rotation means that a crewmember has duty every ten days, or about three times each month. This increase in duty sections translates to fewer duty days aboard the ship, hence more time at home with the family during in-port periods. The IDTC was reduced significantly, cutting out redundancy of inspections, eliminating a large number of administrative programs, and ultimately reducing the enormous paperwork load that falls on the backs of the Navy's JO's. While addressing the U. S. Senate and House Armed Forces Committee, the CNO actively lobbied in Washington, D.C. for increased funding to enable the purchase of more ships. More ships on the active duty roster will provide a decrease in the frequency of deployments per ship and a fair spread of operational assignments. Other innovative programs, such as the Smart Ship program, promote the use of technology to reduce manning requirements. USS Yorktown, the east coast Smart Ship, made her last deployment with 43 fewer personnel than when previously deployed. New ships such as the next generation destroyer, DD-21, was designed to use electric-drive technology as its prime mover, eliminating the need for many traditional auxiliary systems required to support diesel and gas turbine engines. The elimination of these space consuming auxiliary systems result in consequently reducing the space requirements, giving the crew more elbow room. Admiral Clark took it a step further and stressed the need for quality of service – quality of life plus quality of work.<sup>25</sup> Improvements have been made to the Navy's medical benefits program making it easier for dependents to obtain health care and reduce out of pocket expenses for the sailor. Quality of work means providing the tools necessary to maintain an acceptable level of

readiness. CO's should also use their discretion and whenever possible to allow their crewmembers to be with their spouses during the births of their children. Providing email services for crewmembers to keep in contact with their loved ones has had a tremendously positive impact on morale. Technology has replaced the days when weeks or months went by without contact with family members. This ability to nearly instantaneously reach back to family and friends has contributed significantly to a synergistic improvement to the quality of life of all dedicating themselves to the seafaring service.

### **The Navy's Response to a Lucrative Job Market**

Competing with a lucrative job market and a thriving national economy is perhaps the most difficult problems for the Navy to solve. The old adage "you don't join the Navy to become rich" still rings true, but with the stiff competition for young leaders and managers offered by today's extremely prosperous economy, the Navy must try to provide attractive alternatives to retain enough of the talented JO force. Financial incentives in the form of lump-sum and distributed bonuses are the most positively impacting programs offered today. The Aviators and NFO's can earn up to \$125,000 in bonuses if they meet certain milestones throughout their career. This bonus wanes in comparison to what most of these skilled pilots and navigators could make working for the civilian airlines, but the response to the offer has been very promising. Submariners, the majority of which are nuclear trained, have always been offered handsome bonuses to stay in, and as bonuses are offered in other communities, the Submariner's retention bonus has been steadily increased. Surface Warfare Officers, affectionately dubbed the "black shoe" of the Navy, have traditionally been the overlooked community for bonuses,



but they too now have the opportunity to earn as much as \$50,000 for committing to stay through the completion of their department head tours. Other pay incentives include the pay triad, which benefits everyone in uniform. This pay triad provided a 4.8 percent across the board raise for everyone in the services, returned the retirement pay to 50 percent, and provided for graduated increases in pay targeted at the mid-level pay grades. Next year's defense budget is already approved and provides a 3.8 percent raise across the board. The Navy also has several graduate education programs available to JO's who wish to pursue an advanced degree, including the Naval Post-graduate school in Monterey, California. The tuition assistance program is another way the Navy is helping its JO's attain graduate degrees. This program pays for 75 percent of tuition for graduate coursework. These financial and educational incentives are a few of the measures the Navy employs to counter the lucrative offers made to JO's by the private sector.

Navy leadership took bold and positive action in the face of a potential crisis and has positive gains to show for it. The continuation incentives were highly successful in all warfare communities, and retention is up in all four sea-going communities. Measures to bring back job satisfaction by removing the zero-defect mentality and the pervasive micro-management have had a positive effect throughout the fleet. Quality of life improvements are making Navy life more compatible to that of civilian life, although a true Navy professional must realize that the two distinctive lifestyles will never be the same. Making Navy life attractive is not an easy task, but unless these important retention and quality of life issues are addressed by the leaders of the Navy, a career in the Navy does not seem all that satisfying. Leaders must keep up with the changes and keep their finger on the pulse of the Navy to keep a proactive vice reactive outlook.

## Notes

<sup>1</sup> David Brown, "Officer Promotions: A Golden Age for War Fighters," *Navy Times* 49, (June 2000): 15.

<sup>2</sup> Bradley Peniston and John Burlage, "SWO Leaders see Survey as a Guide," *Navy Times* 49, no. 16 (January 2000): 9.

<sup>3</sup> Admiral John T. Natter, et.al., "Listen to the JO's: Why Retention is a Problem," *U.S. Naval Institute Proceedings* 124, no. 10 (October 1998): 58.

<sup>4</sup> LT Silas Ray Kennedy, "Retaining the JO's: Looking Up or Going Down?," *U.S. Naval Institute Proceedings* 123, no. 6 (June 1997): 28.

<sup>5</sup> Bradley Peniston, "SWO Leaders See Survey as a Guide for Overhaul," *Navy Times*, 49, no. 16 (Jan 2000): 9.

<sup>6</sup> Admiral John T. Natter, et.al., "Listen to the JO's: Why Retention is a Problem," *U.S. Institute Proceedings*, 124, no. 10 (October 1998): 61.

<sup>7</sup> Ibid., 58.

<sup>8</sup> LT Silas Ray Kennedy, "Retaining the JO's: Looking Up or Going Down?," *U.S. Naval Institute Proceedings* 123, no. 6 (June 1997): 27.

<sup>9</sup> Capt Tyler E. Wooldridge, III, "Five and Out?," *U.S. Naval Institute Proceedings* 124, no. 8 (August 1998): 26.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid., 28.

<sup>12</sup> Bradley Peniston, "SWO Leaders See Survey as a Guide For Overhaul," *Navy Times* 49, no. 16 (January 2000): 9.

<sup>13</sup> Admiral John T. Natter, et. al., "Listen to the JO's: Why Retention is a Problem," *U.S. Naval Institute Proceedings* 124, no. 10 (October 1998): 60.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> LT Silas Ray Kennedy, "Retaining the JO's: Looking up or Going Down?," *U.S. Naval Institute Proceedings* 123, no. 6 (June 1997): 27.

<sup>17</sup> Ibid.

<sup>18</sup> Admiral John T. Natter, et. al., "Listen to the JO's: Why Retention is a Problem," *U.S. Naval Institute Proceedings*, 124, no. 10 (October 1998): 59.

<sup>19</sup> Boothe W. Higgins, "Quality of Life at Sea," *U.S. Naval Institute Proceedings* 125, no. 1 (January 1999): 55.

<sup>20</sup> CDR Bryan G. McGrath, "The Retention Problem No One Wants to Talk About," *U.S. Naval Institute Proceedings*, 126, no. 7 (July 2000): 62.

<sup>21</sup> Mike Perron, "CNO Praises People, Warns of Shortfalls," *Naval Media Center*, [www.navy.mil](http://www.navy.mil), (September 2000).

<sup>22</sup> Ibid., 2.

<sup>23</sup> Bradley Peniston, "SWO Leaders See Survey as a Guide," *Navy Times*, 49, no. 16 (January 2000): 2.

<sup>24</sup> LT David Adams, "Chance Second Chances," *U.S. Naval Institute Proceedings*, 124, no. 6 (January 1998): 66.

<sup>25</sup> James Hessman and Gordon Peterson, "A Lifestyle of Service," *Seapower*, (October 2000): 19.

## Chapter 3

### FINDINGS

*Know your men, and be constantly on the alert for potential leaders—you never know how soon you may need them.*

—Gen. Matthew B. Ridgway

Statistical data on historic Navy optempo covering the years 1998-2000 were provided by the Navy's Budget Analyst office. (Fig 1). The initial phase of the study was to assess the effects of optempo on retention within the sea-going officer corps from 1990 to 2000. However, upon review of the literature covering this period, it was noted that from 1990 to 1997, the Navy, along with the entire Department of Defense, was in the process of downsizing. To attempt to quantify retention rates, when in fact, retention was not desired, does not correlate with the assessment of the impact of optempo on retention; therefore, the years 1990-1997 were not analyzed.

Retention statistics for the years 1998-2000 were taken from an article in the Navy Times, and covered retention rates for 1998-2000.<sup>1</sup> (Fig 2). Upon comparison of changes in retention from 1998 to 2000, it can be seen that retention increased in all four warfare communities over this three year period, with the exception of a one percent decrease from 1998 to 1999 in the SWO community. From start to finish, all four communities showed slight gains in retention, with the largest being four percent in the

Aviation, NFO, and Submariner communities. The SWO community increased by only two percent over the three year period.

Historic optempo over the same period increased from 53.7 days per quarter in 1998 to 55.1 days per quarter in 1999, and ended up at 56.5 days per quarter in 2000. Historic optempo is defined as the average number of days deployed away from home port per quarter for all ships, submarines, and aircraft.

Due to uncertainties in sample size and the general averaging of several surveys and interviews, to scientifically calculate a correlation coefficient would be impossible. Originally, the comparison for relationship between the two variables was to be determined by calculating Pearson's product moment correlation, but this computation relies on an exact knowledge of sample size, which was not available.<sup>2</sup> In the absence of finite data, another method of data analysis using a scattergram was attempted, but with only three years as data points, this method of analysis was inconclusive. Unable to prove mathematically or scientifically that a relationship between optempo and retention exists or does not exist, an analysis of the trend data was conducted.

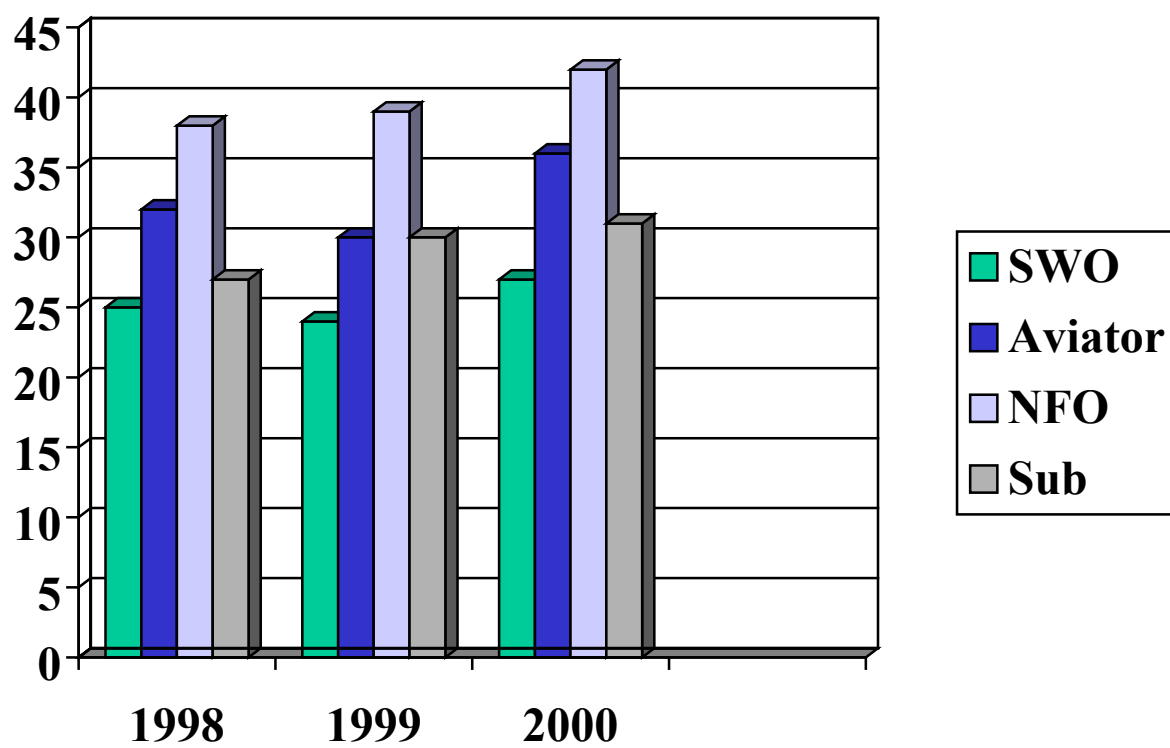
As a result of the trend analysis I have concluded that there is no discernable relationship between optempo and retention. From 1998 to 2000, optempo steadily increased, which would lead one to believe that the higher the optempo, more JO's would want to leave the Navy. Yet, when the data on retention for the exact same timeframe was analyzed, the opposite effect was noted. Even though optempo increased during those three years, retention did not decrease, and in fact, increased in all four sea-going communities.<sup>3</sup> This discovery would indicate that no relationship between the two variables of optempo and retention exists. The other questions posed at the onset of this

analysis were also answered. There were no consistent trends by pay grade or warfare community. Although optempo did not emerge as a dominant factor in Navy officers' decisions to leave the service, it was evident that high optempo was a contributor to one of the top five reasons JO's chose to get out, specifically associated with quality of life. Thus, it appears reasonable to conclude that the Navy could minimize the impact of increased optempo by continuing with the programs such as DD-21, the Navy's new land attack destroyer. The new destroyer requires a crew of only 95 compared to 300 needed to man a typical destroyer today. Another program helping to alleviate optempo and improve quality of life at sea is the Smart Ship program. This technology based program reduces crew size by using innovative technology advances to minimize manning requirements. Other programs helping to reverse the retention problems include the continuation of IDTC reductions, continued pressure on Congress to procure more ships, and continued investment into technology to reduce manning requirements. All these measures add up to more ships requiring fewer crewmembers to man them, which translates to less time at sea and more time for personal endeavors. The Navy must keep focused on the five predominant retention complaints of the JO's:

1. Loss of Confidence in Leadership
2. Loss of Job Satisfaction
3. Zero-defect Mentality and Micro-management
4. Quality of Life Issues
5. The Lucrative Private Sector

While these issues and concerns will undoubtedly change over the years, Navy leadership must strive to remain cognizant of the reasons causing retention problems in order to effectively wage war against it.

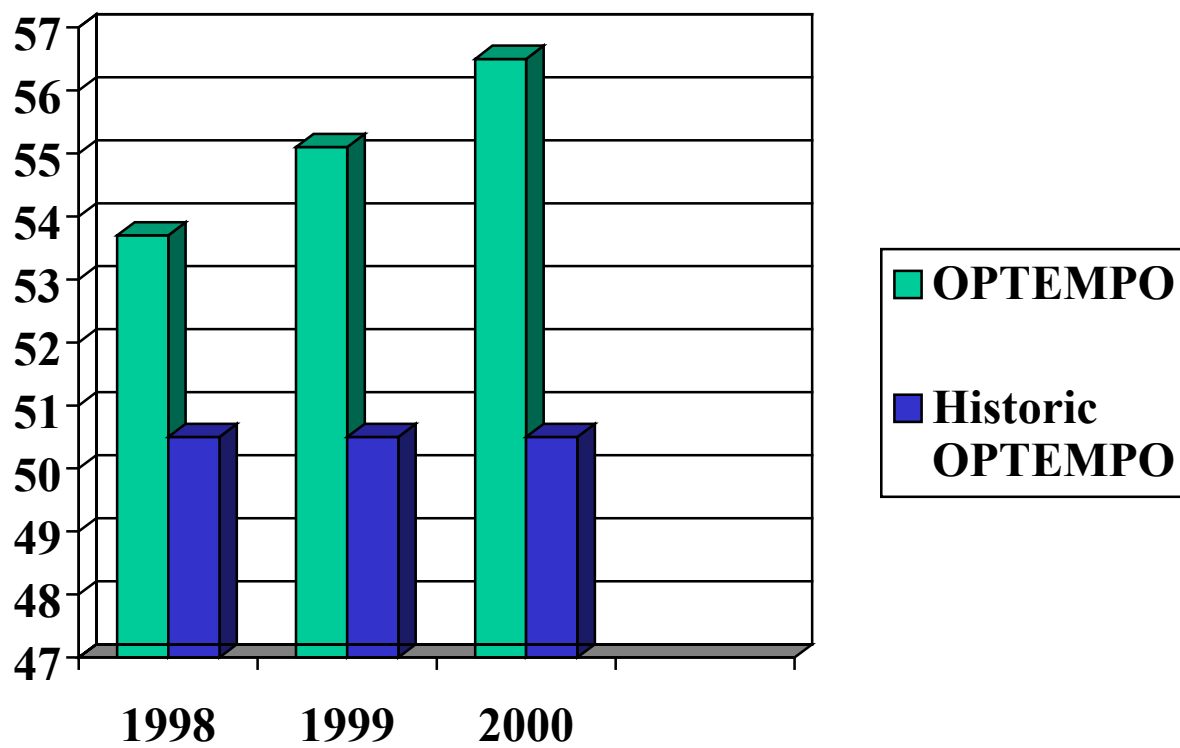
Retention (%)



### **Figure 1 Navy Officer Retention 1998-2000**

Source: Navy Times, vol. 49, no. 36, p. 14-15, June 12, 2000 "Retention of Military Personnel --- Statistics

Days per Quarter Deployed





## Figure 2 OPTEMPO 1998-2000

Source: Navy Budget Analyst Office

### Notes

<sup>1</sup> David Brown, “Officer Promotions: A Golden Age for War Fighters,” *Navy Times*, 49, no. 36, (June 2000): 15.

<sup>2</sup> Laurence Grimm and Paul Yarnold, *Reading and Understanding Multi-Variate Statistics*, American Psychological Association, Washington, D.C., 1995.

<sup>3</sup> David Brown, “Officer Promotions: A Golden Age for War Fighters,” *Navy Times*, 49, no. 36, (June 2000): 15.

## Chapter 4

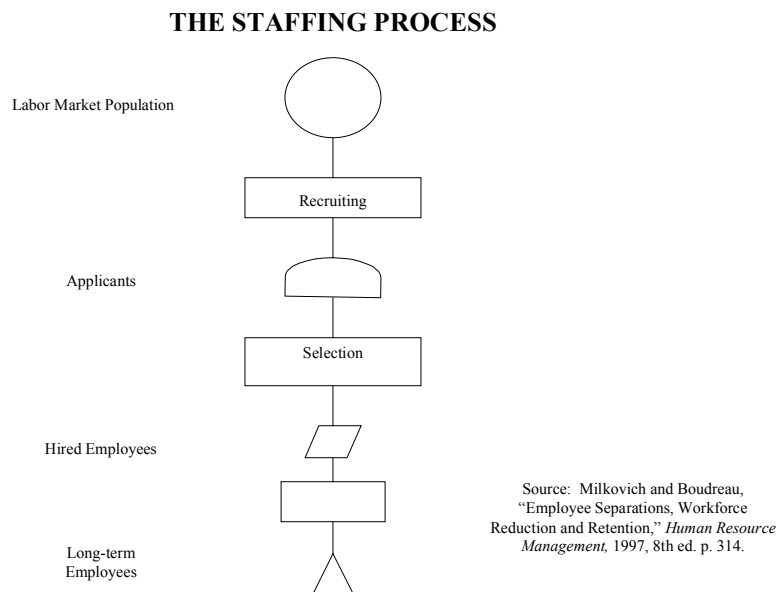
### Conclusions and Recommendations

*Organizations don't change; people change. If you want your organization to do something differently, then you'll have to figure out how to get people to change their behavior.*

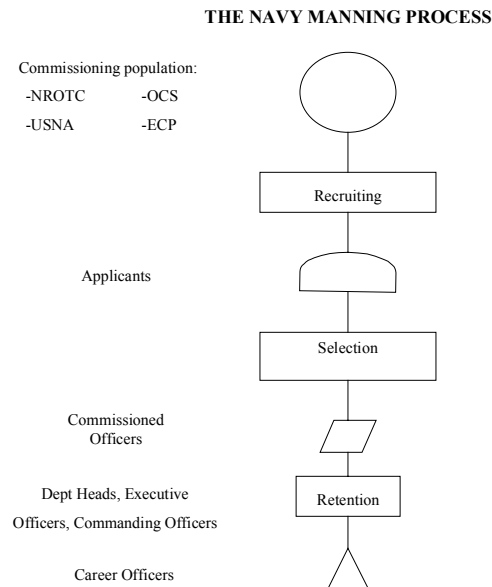
—David B. Peterson

Retention problems in the Navy are not unique. In fact, the Navy is just like any other large organization and must deal with its retention problems in a manner similar to the staffing process used in the corporate sector. According to Milkovich and Boudreau, the staffing process can be understood using a model as in Figure 3, which depicts the staffing process as a series of filters.<sup>1</sup> With only minimal manipulation, this model can be oriented to reflect the U.S. Navy as the organization. (Fig 4) It is of paramount importance that any organization, including the Navy, treat retention as an integral part of the entire staffing process. The Navy spends millions of taxpayer dollars each year to train newly commissioned officers for various technical, highly complex jobs. As these JO's gain experience, their value to the Navy increases, but at the same time, their value to the private sector increases accordingly. If JO's decide to leave the Navy after fulfilling their initial obligation, the Navy loses valuable trained and experienced manpower. Employee turnover is expensive, and Naval officers are aggressively recruited by civilian employers because of their history of integrity, dedication, loyalty,

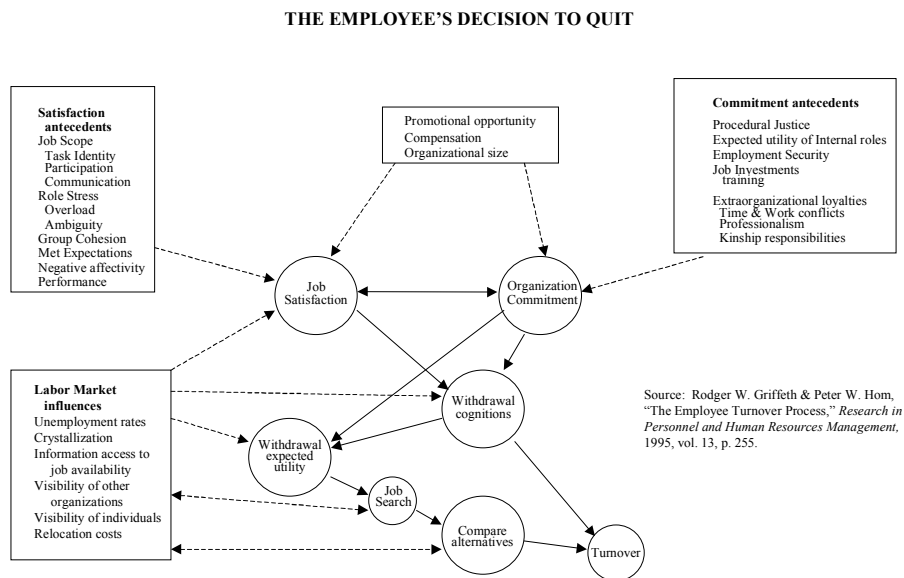
and strong work ethic. Milkovich and Boudreau summarize some of the reasons civilian employees decide to quit and seek employment elsewhere. (Fig 5).<sup>2</sup> Applying this model to the unique and specific Navy situation, one can derive an analysis to propose why Naval officers resign their commissions for private sector jobs. Naval officers opt to get out for several reasons. Since it has already been determined that increased optempo, in and of itself, did not result in lower retention rates, the top five reasons cited by JO's themselves were analyzed using the adaptation of the model to depict the interaction between the many elements that go into a decision for an employee to quit, or a Naval officer to resign.



**Figure 3 The Staffing Process**

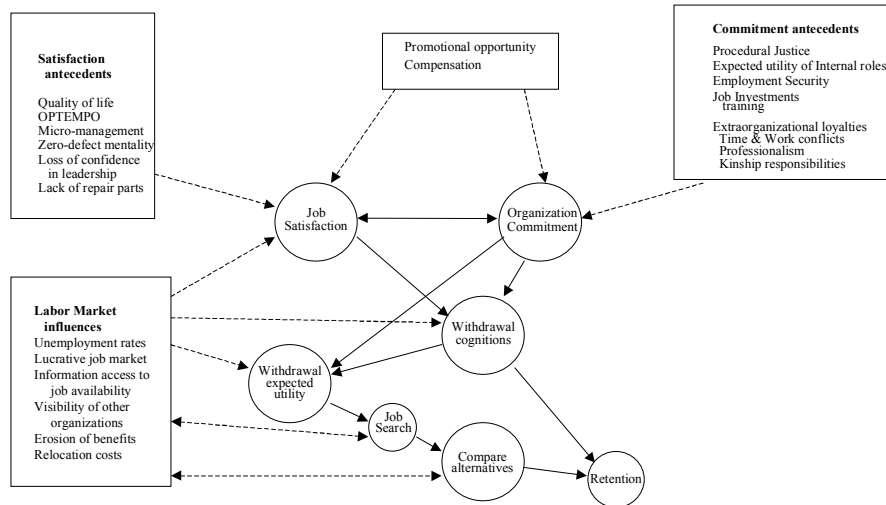


**Figure 4 The Navy Manning Process**



**Figure 5 The Employee's Decision to Quit**

## THE NAVAL OFFICER'S DECISION TO RESIGN



**Figure 6 The Navy Officer's Decision to Resign**

## RECOMMENDATIONS

The first recommendation the Navy should consider is to continue with the Smart Ship program. USS Yorktown was the first ship to test the smart ship concept. The resounding successes she has heralded are now being planned for all the *Ticonderoga* class cruisers and the *Arleigh Burke* class destroyers. Plans to spread smart ship technology to Aircraft carriers, Amphibious ships, and even submarines are already in progress. These efforts to maximize the use of technology to reduce manning to the lowest possible levels equate to working smarter, not harder. The “core/flex” concept allows for a small core of watch standers to man the unit’s key watch stations for normal operations, and in the case of an abnormal condition or emergency, the off-watch crewmembers provide the “flex” to quickly augment the watch standers.<sup>3</sup> The smart ship

program allows the crew size to be reduced, requires fewer watch standers, and returns quality of life time to individuals to pursue personal ambitions.

The next recommendation the Navy must pursue is to continue to press Congress for funding to build more ships. More ships available on the active duty roster as potential deployers result in fewer deployments for each ship. This reduction in time away from home port contributes to improving quality of life by providing more time in home port for crew members to spend with their families.

While pursuing procurement to build more ships, the Navy should consider building some lower cost ships, such as frigates and Landing Ship Tank ships (LST's). The cost of an Arleigh Burke destroyer is approximately \$1 billion dollars.<sup>4</sup> The Navy needs more ships, but it does not need more Aegis ships. With 27 Ticonderoga class cruisers and over 30 Arleigh Burkes built, the Navy has more than enough Aegis ships to fulfill its post-Cold war commitments around the world. To further the argument, without a real time enemy like the Soviets, which Aegis was initially designed to counter, frigates and other lower cost ships are more than adequate for most post-Cold war missions. To put icing on the top, the Navy could designate these ships as Lieutenant Commander (O-4) commands. Creating more opportunities for command earlier in an officer's career and shifting command opportunity downward to more junior officers could pay large dividends by helping to increase retention by decreasing the time an officer has to wait for command opportunity. The new land attack destroyer, DD-21, is also a possibility for a Lieutenant Commander to command. With a crew of only 95, its manning is comparable to that of the Mine Hunters and Mine Sweepers currently commanded by O-4's. The major shipyards already have frigate designs with reasonable prices ranging

from \$300 to \$400 million, about one third of the cost of DDG-51.<sup>5</sup> The current frigate inventory is scheduled to be decommissioned by 2010, so more frigates would serve two purposes, to replace the decommissioned units and to provide more ships at a cheaper cost.

The Navy might also consider building conventionally powered submarines, which would be more than adequate for post-Cold war missions. In addition, scientific gains in electric battery technology allows far more submersion time on battery power than was once possible. These conventionally powered submarines would cost approximately \$300 million, about one-seventh the price of the new SSN-21 Sea Wolf class submarine.<sup>6</sup> These conventional submarines could also be designated as Lieutenant Commander commands.

### Notes

<sup>1</sup> George T. Milkovich and John W. Boudreau, *Human Resources Management* (Boston: Irwin McGraw-Hill, 1997), 310.

<sup>2</sup> Ibid., 315.

<sup>3</sup> Bradley Peniston, "Smart Ships," *Navy Times*, 48, no. 34, (May 1999): 19.

<sup>4</sup> James George, "Think Cheaper, Navy, to Save 330-Ship Fleet," *Navy Times*, 43, no. 49, (September 1994): 33.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

## ***Glossary***

OPTEMPO	Operational tempo. The rate at which Navy ships, aircraft squadrons, and submarines operate away from home port.
DEPLOYMENT	Any period of 90 days or more that a combat unit is away from its home port. Aircraft squadrons and helicopter detachments embarked upon deployed ships are considered part of the crew.
UNDERWAY	Away from home port, either deployed or training in a local operational area.
SURFACE WARFARE OFFICER (SWO)	A line officer in the Navy who specializes in surface ship operations and weapons employment.
SUBMARINER	A line officer in the Navy who specializes in submarine operations and weapons employment.
AVIATOR	A line officer in the Navy whose specialty is flying air planes.
NAVAL FLIGHT OFFICER (NFO)	An aviator who, normally due to imperfect vision, is trained to fly, but fills a support role, such as navigator, or radar officer.
FAST ATTACK SUBMARINE	A submarine with the primary mission of hunting enemy submarines.
BOOMER	A submarine larger than the fast attack models with the primary mission of deterrence.
JUNIOR OFFICER (JO)	Normally refers to an officer in the grade of O-4 or below in the Navy. For the purposes of this assessment, however, JO refers to O-3 and below.
DIVISION OFFICER	Entry-level officer just beginning to try a hand at leadership and management positions. In charge of a division, which is a subset of a department.
DEPARTMENT HEAD	Mid-level officer between Lieutenant and Lieutenant Commander, normally placed in charge of a department.



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